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HUMAN RESOURCES DIVISION
BEFORE THE SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
AND HUMAN RESOURCES
COMMITTEE ON GOVERNMENT OPERATIONS
HOUSE OF REPRESENTATIVES
ON
FEMALE-HEADED FAMILIES
IN POVERTY



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Mr. Chairman, we are pleased to appear today before the Subcommittee to discuss findings from our on-going review of the poverty status of women and children, specifically those living in families headed by single females. As you requested, we will focus on current poverty trends among families headed by women and the factors influencing those trends. We will then discuss what steps the federal government is taking to help these women, particularly those who are dependent on welfare, earn their way out of poverty. Finally, we will examine the Administration's current proposal regarding work-related programs for women on welfare.

In doing our work, we reviewed numerous studies and surveys conducted by federal, state, and local government agencies, as well as academicians. We examined the project files on work-related demonstration projects targeted to families receiving Aid to Families with Dependent Children (AFDC) benefits and analyzed data on a multitude of work projects across states. We interviewed government and private agency officials, poverty researchers, advocacy groups, and persons who work with female-headed families on a regular basis. We also visited educational, training and work sites of welfare recipients.

CURRENT TRENDS

The number of female-headed families in poverty is substantial. In 1983, the latest year for which data are available, there were 3.6 million female-headed families in poverty in America. This represents an increase of 1 million families, up from 2.6 million in 1979.

The linkage between female-headed families and poverty is clear. In 1983, people in families headed by women were more than four times as likely to experience poverty as were people in other families. In that year, 40.2 percent of persons in female-headed families were in poverty compared with 9.2 percent of persons in all families. The female-headed families were composed of over 12 million people, representing over one-third

of all people in poverty. They included 6.7 million children under the age of 18, or more than half of all poor children.

Among poor blacks, the problems associated with female-headed families were much more pronounced than for all poor female-headed families. In 1983, more than two-thirds of all poor blacks, and three-fourths of all poor black children, lived in female-headed households. This compares to 40 percent of poor whites and poor white children who lived in families headed by women.

The number of female-headed families in poverty is likely to increase because the number of families headed by females is expected to continue to grow at a rate five times that of traditional husband-wife families.¹ The continued growth in the number of such families living in poverty is associated with changes in family structure and income.

FACTORS CONTRIBUTING TO TRENDS

The formation of female-headed families is associated primarily with high rates of marital break-up and out-of-wedlock births, particularly among teenagers. Out-of-wedlock births numbered 715,000 in 1982.² In 1983, 65 percent of women under age 65 heading families with children were either separated or divorced.³

Separations, divorce, and out-of-wedlock births, because they usually lead to a loss in income, often cause these families to move into poverty. Studies of changes in family structure have found that marital breakup results in a significant drop in family income--a 51 percent decline for families of separated women and a 43 percent decline for families of divorced women⁴--and causes 45 percent of female-headed families to move into poverty.⁵ Out-of-wedlock births to young women can limit future income by interrupting the mother's education, reducing her ability to find a well-paying job and increasing the likelihood of welfare dependency. Three out of four children born out-of-wedlock live in poverty.⁶

Women may not be able to replace the income lost or foregone because of changes in family structure. Even if they are able to find a job, women generally earn about 40 percent less than men--differences that cannot be totally accounted for by labor force history and attachment.⁷ The high cost of child care and other work-related expenses can substantially reduce income. Many women do not receive child support from absent fathers to help provide for their children. The Census Bureau reported that in 1981, less than half (47 percent) of the 4 million women due child support received the full amount.⁸ Another 4.4 million women did not even have a child support award in force against the absent father.⁹

Regardless of the reason that they are in poverty, the end result is that an increasing number of female-headed families with children are trying to survive on very little income. In 1983, the average income for female-headed families in poverty was only \$4,648 or an average \$4,200 below the poverty line.¹⁰ Nationally, concern has been growing about the increasing number of women and children in poverty. Although approaches to dealing with the problems differ, there is agreement that some response is needed to help these families develop the ability to adequately support themselves.

THE FEDERAL RESPONSE

The federal government response to the serious problem of women and children in poverty has consisted mainly of programs which provide cash and in-kind assistance for meeting basic needs, primarily the AFDC, Food Stamp, and Medicaid programs.* Other responses seek to reduce dependency by providing alternate sources of income. For example, the Child Support Enforcement Program aids in obtaining support orders and payments from

*Other programs in which female-headed families participate include the Special Supplemental Food Program for Women, Infants and Children (WIC); School Lunch; and Public Housing.

absent parents. Other programs which provide tax incentives or disregard some earnings in calculating benefits are designed to encourage work. Our focus today is on AFDC's use of work-related programs to help women increase their earnings in order to reduce their dependency on welfare and, ideally, earn enough to raise their families' income above the poverty line.

AFDC is designed to provide cash assistance to needy children and their needy caretakers who lack support because a parent is absent, incapacitated, or unemployed. Benefit increases and increases in the number of recipient families have caused total AFDC expenditures to grow from \$4.9 billion in 1970 to \$14.5 billion in 1984, an increase of 195 percent in current dollars. However, the average real benefit to the AFDC family actually declined by an estimated 33 percent over that period.¹¹ This decline occurred because unlike other benefits such as Social Security and Supplemental Security Income for the elderly, AFDC benefits are not automatically indexed for inflation.

Poor female-headed families, especially those headed by young women, rely extensively on public assistance for their support. Poor families headed by women under 25 years old received an average 65 percent of their income from public assistance in 1983, compared to 40 percent for families headed by women between 25 and 64 years old. In contrast, poor families with male heads received only about 10 percent of their income from public assistance that year.¹²

Contrary to the stereotype of the large welfare family, the average size of AFDC families is 2.9 people, meaning that most families have only one or two children. A large number of families have young children present--60 percent have at least one child under 6 years old. About half of AFDC families are headed by a mother or other caretaker between the ages of 25 and 39. Young mothers under age 25 head 30 percent of the families, but only 3.3 percent are under age 18.¹³

Many women spend only limited periods of time on AFDC. A 1983 study found that half of stays on AFDC last for 2 years or less. Two-thirds are over within 4 years. Only 17 percent of stays on welfare last 8 years or more. However, because extended users (8 years or more) stay on AFDC for so long, at any given point in time they account for about half of those women receiving benefits. Again, because their stays are so long, they receive more benefits over time and thus account for the bulk of AFDC expenditures. These findings are important in considering ways to help women on welfare, because they suggest that many women will leave welfare in a relatively short time on their own. But for those who do not leave within two years, the probability of their becoming extended users increases dramatically and they may require a great deal of assistance.¹⁴

WORK AND WELFARE

Many women want to work in order to reduce their dependency on AFDC; however, they face several barriers to entering, or even maintaining, employment. The characteristics of welfare families suggest some of the problems they must overcome. Older women and long-term recipients with few or outdated skills may have difficulty mastering new ones. Women with young children require child care which is often expensive. In fact, considering the substantial number of AFDC families with preschool aged children, day care looms as a potentially large barrier to work. Women of any age may need basic education or transportation assistance to get to a job. Any response to aid these families in achieving self-sufficiency has to be broad enough to address their different characteristics and unique needs.

Recent reports support the belief that many female heads of families receiving welfare assistance are willing, and in fact, do work even for minimal financial gain. For example, the Omnibus Budget Reconciliation Act (OBRA) of 1981 decreased the amount a person could earn and still receive AFDC benefits. GAO evaluated the early impact of these changes and found that most

earners who lost AFDC benefits did not quit their jobs in order to requalify for AFDC, in spite of the loss of Medicaid and shortages of money for food. GAO's report estimated that 1 year after losing benefits, only between 7 and 18 percent of those who lost benefits were back on AFDC.¹⁵ The Institute for Research on Poverty also studied the effects of OBRA, with similar findings.¹⁶ In a study of Supported Work Experiments, the Manpower Demonstration Research Corporation (MDRC) found that many of the women who participated sought and obtained jobs and remained employed even though the loss of their welfare benefits substantially reduced their income.¹⁷

Other studies have shown that families rarely rely exclusively on welfare for their income, but supplement it with income from other sources, such as a job. For women with patterns of moving on and off welfare, earnings have been found to be more important than welfare income, with few depending on welfare for more than half their income.¹⁸

There is a long history, marked by frequent changes in policy, of attempts to enhance AFDC recipients' ability to participate in the labor market. The Work Incentive (WIN) program was established in 1967 to provide training, work experience and public service employment. Over the years, WIN's emphasis has shifted several times and now focuses more on direct job placement. WIN also provides support services, such as day-care and transportation. It is jointly administered by the Departments of Labor and Health and Human Services. Program funding has declined sharply in the past few years, from \$363 million in 1981 to \$267 million in 1984. Because of limited resources, this program has had to concentrate on only the most job-ready participants.

RECENT WORK PROGRAM HISTORY

Since 1981, AFDC work program policy has undergone considerable change. At that time the Administration proposed

mandatory "workfare," which would have required employable recipients to work off their benefits. Instead of a mandatory program, the Congress, through OBRA and subsequent legislation, made workfare and several other approaches optional to the states. An alternative approach to WIN also was offered--WIN demonstration projects. Many states receive waivers of program requirements and special funding to operate variations of these programs as demonstration projects. The principal types of programs established since 1981 are:

- (1) Community Work Experience Program (CWEP), or what is known as workfare. This program is intended to provide job experience and to help form good work habits.
- (2) Job Search, which requires participants to look for a job in a structured manner, either individually or as part of a group in a "job club."
- (3) Work Supplementation, sometimes called grant diversion, which allows the participant's welfare grant to be diverted and used to subsidize an on-the-job training position, often in the private sector, which may become unsubsidized employment.

WIN demonstration projects differ from regular WIN programs because they are administered by the state AFDC agency, rather than the state employment agency. They also give the state more flexibility in designing the program. The WIN demonstrations usually offer a mixture of components, such as education, job search, work experience, classroom and on-the-job training. The OBRA work programs described above also may be run as part of a WIN demonstration project. Within the Department of Health and Human Services, the Office of Family Assistance (OFA), which administers the AFDC program, also administers the WIN demonstrations and the OBRA work programs.

Thirty-seven states have implemented one or more options provided since 1981. Twenty-three have WIN demonstrations.

States operate the other work programs as adjuncts to either a WIN demonstration or a regular WIN program. Twenty-three have work experience or workfare, twelve have job search, and eleven have grant diversion programs. Some of these programs are operated as demonstration projects. Thirteen states and the District of Columbia operate regular WIN programs alone, with none of the OBRA work programs.

STATE EXPERIENCES WITH WORK PROGRAM CHANGES

Even though states are still experimenting with work program options provided since 1981, the Administration has proposed for fiscal year 1986 a mandatory work program for welfare families which would require massive participation, penalize states for failing to reach participation goals, and reduce federal support for work programs. This proposal could have a significant impact on the states. To assess this impact we reviewed the results of demonstration projects to test workfare and other approaches as well as several operational programs, with the objective of determining the feasibility of implementing large scale mandatory work programs at this time. In conducting our review, we also followed up on actions taken by HHS in response to 1983 GAO observations regarding collecting information and the monitoring activities of the states' work programs.¹⁹

Examination of Early Experiences With Workfare

Following the 1981 work program changes and the implementation of these programs by many states, GAO examined the projects set up to demonstrate Community Work Experience Programs (CWEP), or workfare, and the implementation of other workfare programs which were not demonstrations. We issued two reports identifying problems in project monitoring and evaluation for the work demonstrations and some of the implementation problems states were experiencing with workfare in general.

In 1983, GAO reported that HHS' evaluation program for the workfare demonstrations begun in fiscal year 1982 had not provided information on whether workfare was successful in moving recipients to unsubsidized jobs, reducing welfare costs, or meeting other goals. For information on the projects, HHS relied on state quarterly progress reports, which varied from one project to another, and on the federal project officer's monitoring activities, which differed in intensity from case to case.

The report indicated that demonstrations begun in 1983 might provide information on whether workfare "works." However, we pointed out that for the demonstrations to provide such information, the evaluations had to be implemented as proposed and the methodological integrity of their designs maintained. HHS' response to our report stated that "[HHS has] been carefully monitoring the second set of CWEP demonstrations and will ensure adequate evaluations are carried out." With respect to monitoring these projects HHS stated that "a standardized quarterly data reporting format is now under consideration by SSA for all CWEP sites."²⁰

In examining the states' implementation of workfare, a second GAO report found that CWEP programs that were operational on February 1, 1983, in 16 states were limited in size and scope. We found that most employable adult AFDC recipients were not in the workfare program and that those who were, often were not required to work off the full value of their assistance grants at unpaid jobs.

Some of the obstacles states experienced in expanding their programs included the costs for child care and transportation and the difficulty in finding appropriate jobs, especially jobs close to the participants' homes. Many of the workfare programs received substantial indirect benefits from WIN, including staff, office space, equipment and procedures for screening and processing cases. Some states also benefited directly by using the 90 percent federal funding available for WIN to cover CWEP

costs rather than the 50 percent federal matching funds available for CWEP administrative costs.²¹

Early looks at workfare, therefore, left considerable uncertainty about the effectiveness of this approach for either reducing public expenditures or improving participants' employability. Much weight was attached to the anticipated results of the 1983 workfare projects, as well as the outcomes of projects to test other approaches, including the WIN demonstrations.

Current Work on AFDC Work Programs

Our current review of OFA work-related demonstration projects focuses on the results since 1983 of workfare and other projects designed to test approaches such as grant diversion and job search. A major objective of the Administration's proposal is to promote self-sufficiency through the implementation of these programs in the states. To determine whether these programs are helping women achieve self-sufficiency, we asked several questions:

- What type of intervention works and for whom?
- What is the prospect of widespread application of these methods?
- What are the barriers to implementing these programs?
- Do the programs save money or even pay for themselves?
- Do the jobs people find through these programs enable them to leave AFDC and, if so, how long are they able to stay off welfare?

We found, however, that in spite of earlier indications that HHS would assure adequate evaluations and monitoring, OFA has assembled little information or analysis which would help determine the extent to which these questions can be answered.

OFA relies mainly on project evaluations provided by the states for information on project results, but some of these evaluations may not provide useful data. For example, of the

seven workfare projects whose evaluation plans we examined in our previous review, only two have resulted in interim reports with statistically useful results. Two projects have completed project implementation, but have yet to issue an evaluation. One of these, however, is seriously flawed, because the project now must attempt to reconstruct critical data elements that were not analyzed during the project. Projects in two states have resulted in reports, but problems with the control groups and the small number of participants in the projects limit the results' usefulness. One state decided not conduct an impact evaluation of its project, because of the problems encountered during implementation. Although the evaluation plans originally looked promising, it appears that these demonstrations will yield very little useful information on the cost effectiveness of workfare.

Another available evaluation is a congressionally mandated report OFA prepared on the implementation of WIN demonstration projects. However, questions of data reliability require caution in interpreting the results of these projects. The data were collected using different methods across states and have not been validated. The report thus qualifies as "conditional" the numbers presented on participants who entered employment from the program.

Until formal evaluations of demonstrations are provided, most of the information the federal government has available about the projects comes from OFA's monitoring activities. OFA, however, does not put together collective or comparative information on the progress and problems the projects are experiencing. And, while HHS in responding to our earlier report stated it was considering using a standardized reporting format, current quarterly reports do not have a common structure or consistent data elements. In fact, substantial improvements in project monitoring have not been made since our earlier review. Other OFA monitoring methods include sporadic visits to project sites and telephone contacts with the states. The extent to which these contacts are documented varies.

Little outcome information is readily available on workfare or other programs that are not demonstrations, because OFA does not routinely receive such information from the states. States sometimes provide information to OFA regional staff, but rarely is it systematically analyzed and forwarded to Washington.

GAO ANALYSIS OF CURRENT WORK PROGRAMS

Because OFA has made little effort to compile information on the success or failure of work programs nationally, we conducted our own analysis based on available data. We examined OFA's project files for 34 work-related demonstration projects and collected information on 3 additional projects and, in spite of difficulties with the inconsistency of the data, were able to construct a picture of the states' current experiences. We found little evidence to indicate that the demonstration projects could be implemented on a national mandatory basis, because 30 projects are still in progress, and those that have been completed yielded inconclusive or unreliable outcome data. While some are showing encouraging interim results, their general applicability must be viewed with caution. We did identify seven barriers or problems which various states faced in implementing work programs even on a small scale or demonstration status.

Some work projects are demonstrating that they can have a positive effect on the employment and earnings of welfare women. For example:

- The San Diego Job Search and Work Experience Project has had significant impacts on the employment and earnings of AFDC applicants when compared to a control group. Some grant savings were achieved, but in the short term the administrative costs outweighed the grant reductions.²²
- Maryland's Employment Initiatives Program, although it had to exempt a large number of people or place them

in a holding status, 23 reports placing a large proportion of those who actually participated in unsubsidized employment: 60 percent compared with a 27 percent rate for all those who registered with the program.

--Massachusetts' Employment and Training choices program served 25,000 people and placed 10,000 in unsubsidized employment during its first year of operation. The average cost per placement was \$3,000, but the state estimates it still saved \$3,000 from grant reductions for each placement. It should be noted that Massachusetts' program has no control group.

Projects such as these offer encouraging evidence that they can assist AFDC mothers in reducing their economic dependency on welfare. These successes, however, were influenced by particular combinations of factors which may not be found in other locations. For example, past work program experiments in San Diego and Massachusetts provided these sites with considerable experience in dealing with the problems of implementing such programs. Massachusetts' current program was implemented during a time of economic growth, which may have affected its outcomes. In addition it is heavily dependent on a large contribution of state funds. Maryland initially chose to concentrate its resources in two sites to ensure adequate financial support for its work program. Other states may not be able, or may not choose, to allocate significant amounts of resources to work programs.

These factors do not diminish the programs' success in positively affecting participants' lives. However, replication of a successful program from one state to another may be difficult, because of differences in economic conditions, financial resources, program experience, and welfare philosophy.

Barriers to Implementing Work Programs

Even work programs that achieve some success must overcome significant barriers. Our current review of work projects in

25 states has found considerable information about problems which should be considered in implementing a work program for welfare families. The problems or barriers we identified as the most critical include:

Support Services--Many women may not be able to participate in work programs without costly support services, such as child care and transportation. Adequate child care is critical if women with young children are to be included in a work program. Even though in some work programs the federal government will match part of the expense of these services, they still can be costly to the states and/or participants unless other sources of federal funding, such as Social Services Block Grant (Title XX) funds, can be used. Our assessment of projects found variation in the extent to which sites provide such services, ranging from sites which make no child care arrangements to sites which offer complete child care coverage. However, programs that did provide these services still at times had to exempt people from participation, because no day care slots or inexpensive means of transportation were available.

Education and Training--Some women lack the basic educational or skills background to enable them to find a job or even participate in work programs, including performing the basic tasks required at workfare sites. Baltimore's program usually requires a high school education or its equivalent for participation in its training components. Ways in which programs have dealt with the problem of illiteracy include exempting illiterates from participation, requiring the person to participate anyway, or referring the person to remedial education.

Work Slot Development--Slots, or positions, in workfare and work supplementation programs may be hard to create. Twelve of the 37 projects we examined were workfare programs. Of these, 5 reported problems with developing worksites at all or finding

suitable sites for their clients. Because of difficulty developing sites for clients, one workfare program had as many as 35 eligible participants for each slot. A recent evaluation of 6 grant diversion programs found that all of them have had some difficulty cultivating private sector employers, who are reluctant to become involved in on-the-job training. This difficulty resulted in implementation delays for the programs.²⁴

Worker's Compensation--In two workfare projects, the failure of the state initially to provide worker's compensation for its participants affected local agencies' willingness to provide slots. Officials in another program, concerned about reported increases in on-the-job injuries, are planning to study the problem and the allocation of compensation costs. Current federal regulations for workfare make the provision of Worker's Compensation optional to the state.

Staffing Problems--Inadequate staffing has resulted in implementation delays and lower participation rates. In one state's WIN demonstration program, lack of staff due to funding shortages in two sites severely curtailed the program by limiting the number of participants the program served. Other state programs were delayed because welfare staff had trouble adjusting to new tasks for which they were not trained, such as developing worksites.

Relationships With Other Programs--Programs with limited funding often need to draw on the resources of other programs. However, when differing program objectives prevent smooth cooperation, the work program's implementation may be impeded. For example, two workfare projects which depended on WIN staff for client referrals experienced participation problems because the WIN staff frequently referred clients who were unsuited for the program. Grant diversion projects which depend on Job Training Partnership Act (JTPA) staff to place clients in on-the-job training positions have had problems when they referred clients who the JTPA staff considered unemployable and were unwilling to place.

Value of Work Performed--In workfare programs, the hours a participant works usually are calculated by dividing the AFDC grant by the federal (\$3.35 an hour) or state minimum wage. However, workfare jobs may be valued at a rate higher than the minimum wage; thus, the value of the work performed is greater than the value of the participant's benefit. The workfare participant may be working with regular employees doing the same or similar work for higher compensation. For example, we spoke with two participants at a workfare site who were performing clerical duties. Their supervisor described these tasks as the same as those performed by regular employees making at least \$11,400 a year, or \$5.46 an hour.

Some of these barriers, such as staffing problems or support service gaps, are caused directly or indirectly by insufficient financial resources. The level of available funding is therefore critical to a program's success. If barriers are not removed, programs may not be able to serve a substantial portion of clients, or in other words, achieve high participation rates.

QUESTIONS ABOUT THE CURRENT ADMINISTRATION PROPOSAL

Comparing the problems observed in current work programs with the features of the Administration's proposal for fiscal year 1986 raises questions about the proposal's feasibility. The proposal would replace WIN and WIN demonstrations with a requirement that all eligible AFDC applicants and recipients participate in employment-related activities. The states would have some flexibility in designing their components, which could include job search, Community Work Experience Programs, work supplementation programs, or alternate programs which provide practical work experience. Education and training are deemphasized. At least twenty-five percent of eligible clients would have to participate in the first year, increasing to seventy-five percent by the third year. Failure to reach these goals would result in financial penalties to the states.

The proposal would fund the new mandatory statewide work program with straight grants to the states totaling \$145 million in 1986 and increasing to \$287 million in 1989. The Administration estimates the program would save a net of \$147 million over four years, of which \$52 million would occur in the first year. These savings would be achieved through grant reductions and avoidance when participants leave the rolls or individuals are deterred from applying.

Potential Funding Problems

The proposed first year funding for the new program is significantly less than current expenditures for WIN, for which \$267 million were obligated in fiscal year 1984. We found that states which run programs such as workfare often depend on WIN funds to provide support services, such as child care. In addition, the Social Services block grant, another major source of child care funds, has remained fairly constant in recent years after a significant decrease in 1982. The Administration proposes to fund it at current levels for the rest of the decade. However, states have decreased their allocations for day care. States would have to reorder their priorities to substantially increase their child care funds from this source.

The net effect of the proposed funding cuts would be to shift a greater share of work program costs to the states. If states could not compensate for lost federal funds, some currently successful programs might have to change or curtail their activities. Because adequate funding is often critical to resolving implementation problems, elimination of WIN funding and a decrease in overall work program funding could significantly impair the proposed program's effectiveness because fewer participants could be served.

Problems with Participation

The Administration's proposal would require high participation rates--75 percent of eligible recipients and applicants--by the program's third year of operation. States

which do not achieve this goal would be penalized by reductions in their total AFDC grant. The proposal, however, does not fully define participation in that it is not clear what activities would be acceptable, how extensive client involvement would be, and how the states' compliance with the participation goal would be determined.

While a few states may be able to approach the 75 percent threshold, it is unlikely that the majority of them will be able to serve such a high proportion of eligible clients. Largely because of the barriers we have described, achieving high participation rates was one of the most serious problems the demonstration projects reported. Few reached their participation goals, which were often modest in comparison with the Administration's proposal.

Even programs with relatively high participation rates did not achieve those rates by having all of the registrants participating at one time. For example, in San Diego over half of the registrants actually participated in a work activity, but this participation rate was achieved over a 9-month period. And participation was defined as being present for 1 day for job search and 1 hour for work experience.

The achievement of a successful participation rate is related to the feasibility of implementing a program statewide. For states which now do not have statewide programs administered by the welfare agency, the problems of implementation or expansion could be immense. Some states, for example, have experienced difficulty in implementing demonstration projects in only a few counties. The greatest problems could occur in rural areas, where day care and public transportation are less likely to be available. From the standpoint of program development, evaluations and progress reports from projects in rural areas report fewer prospects for developing work experience sites or private sector training slots.

Training and Education Needs

Under the Administration's proposal, low funding levels and the program's emphasis on job placement could limit programs' ability to serve participants' education and training needs. We identified in our assessment of current state projects problems of illiteracy and extremely low skills levels which hamper some programs. And teenage mothers, a key target group, may need extra support to enable them to stay in school. However, the Administration's proposal deemphasizes training and education provided by the welfare agency. It encourages the states instead to rely on training offered under JTPA. JTPA is required to target a proportion of AFDC recipients for its services, but it is not clear that it can serve all the training needs of the proposed AFDC work program if it is to be the primary training provider. A recent study of JTPA implementation found that the program had indeed targeted and enrolled a significant number of welfare clients. The study noted, however, that most JTPA Service Delivery Areas did not pay substantial attention to the program's mandate to serve those most in need of, or who can benefit most from its services, a category which could include many AFDC clients.²⁵

BASIS FOR ADMINISTRATION'S PROPOSAL

Our assessment of the states' current experiences and problems in implementing work programs, including inadequate funding and difficulties in meeting day care, transportation, educational and training requirements, raises questions about the Administration's proposal to mandate a national program of work options.

Significantly, the Administration for the most part did not base its proposal and cost/savings estimates on current demonstrations of work programs for welfare mothers administered by OFA. Instead the documents HHS officials provided to us as the basis of the proposal consist of studies conducted between 1978 and the present of work programs with elements similar to

those in the proposal. The principal studies include a 1978 job search evaluation, a 1981 food stamp workfare evaluation, reports on the Utah Work Experience and Training project, a study of a job search project in Oregon which is still on-going, and a preliminary report on the San Diego demonstration project. The two latter projects are among the current group of demonstrations monitored by OFA.

The food stamp workfare evaluation notes that the demonstration should not be viewed as a test of a national workfare program. According to the report, the seven sites, six of which were rural, were not representative of the nation as a whole or any major segment of the country. The food stamp clientele also differed from the proposal's targeted AFDC population.²⁶ In addition, GAO reported in 1981 that program information on costs and benefits was too sketchy to draw hard conclusions about the food stamp program's cost effectiveness.²⁷

Information on the feasibility and impact of the Utah Work Experience and Training program is limited to the state's management reports. The reports show that 11,143 AFDC grants were closed or reduced between June 1974 and December 1980. Because no formal evaluation of the Utah project was performed, however, it is impossible to determine the cause of the grant reductions.

A 1978 evaluation of job search projects in five cities showed that intensive job search services produced significantly higher placement rates for an experimental group when compared to a control group receiving no additional services.²⁸ Four of the five cities included in the study, however, concentrated only on the most job ready recipients. A mandatory AFDC program would also have to deal with people with significant employment barriers, such as low education and skill levels.

After Oregon implemented its job search program, its AFDC caseload declined by nearly 1,900 families between January 1982 and January 1985. The effect of the job search program on this

decline is ambiguous, because the drop also coincided with program eligibility changes as a result of OBRA and the start up of a WIN demonstration. Further, the project is essentially a case study and has no concurrent comparison group. There is no way to tell if the results were due to the program or would have occurred anyway.

As noted previously, the San Diego job search and work experience project showed some promising interim results. However, this program was targeted at AFDC applicants rather than recipients, and thus cannot be generalized to the total welfare caseload. Applicant groups contain a higher proportion of individuals who will leave welfare after a short period of time.²⁹ In addition, the experimental group had prior work histories and educational levels exceeding those for the welfare population generally.

Overall, these studies cover programs which have not been rigorously evaluated, are not applicable to an AFDC work program, or are not representative of the Nation as a whole. They do not, therefore, provide adequate support to back-up the Administration's proposal, either in terms of feasibility or cost savings.

SUMMARY AND CONCLUSIONS

Poverty among single female heads of families and their children is a serious and growing problem. While the needs of these families are many and varied, there is agreement that some response is required to help them reduce their economic dependence on AFDC and assist them to earn enough to become economically self-sufficient.

Even though a majority of states are currently experimenting with various work programs to aid these families, the Administration has proposed major changes for fiscal year 1986. Basically the Administration's proposal would require mandatory large scale participation in work programs for welfare families, impose financial penalties on states if this is not

achieved, and at the same time reduce federal funding to support work activities.

There are several problems with this proposal. First, we have identified sufficient obstacles to indicate that implementing a large scale work effort at the same time that federal financial support is reduced may not be feasible. There is little evidence to date that shows that these programs can be implemented on a large scale or that they achieve savings in public expenditures; instead a national mandatory program could increase day care, transportation, and administrative costs. If states could not make up the difference in lost federal support, this proposal could result in a reduction in current work programs and fewer opportunities for welfare families to achieve self-sufficiency.

We are also concerned about the Administration's failure to adequately document and evaluate current state work initiatives. Only a small amount of data from these projects was used to justify the Administration's fiscal year 1986 proposal. In addition, in spite of a commitment by HHS two years ago to improve evaluation and monitoring activities, we found that in many cases evaluations have been done poorly, monitoring is haphazard, and little effort has been made to pull together even descriptive information on the different work projects under HHS' responsibility. Many state projects are currently testing different approaches to work options for welfare families; these could provide valuable information. However, if current OFA practices continue, it is unlikely that information on the outcomes of these projects will be available to the public or the Congress in the future.

In sum, GAO supports the need for enhanced efforts which could help many female heads of families in poverty achieve economic self-sufficiency. However, the Administration's proposal, by reducing overall work program funding and mandating

a national program with high participation rates, is unlikely to enhance the states' ability to help welfare women reduce their dependency. Rather, it could reduce the efforts of some current programs which are providing work and training opportunities for these families and cause other programs to ignore intensive activities which, although expensive, might help the hard-to-employ.

When the current work projects are completed, they could provide the Congress with information useful in shaping work program policy. We believe HHS needs to monitor these projects more closely to ensure that they will be implemented properly and result in good information on their progress and problems experienced. Until better information is available for the Congress, we believe it would be premature to substantially alter current work program policy and training opportunities for these families.

This concludes my statement, Mr. Chairman. I will be happy to answer any questions you or other Subcommittee members might have.

NOTES

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